

EMBASSY OF THE
UNITED STATES OF AMERICA
OFFICE OF THE MILITARY ATTACHE
BUENOS AIRES, ARGENTINA.

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SEP 14 1936
OFFICE (CHIEF OF STAFF
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August 21, 1936

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Subject: Current Events

To: Assistant Chief of Staff, G-2

RECEIVED G/2 W. O. SEP 12 1936

PRESIDENT'S SON ARRESTED AS COMMUNIST

According to local press reports, the Police of Rio de Janeiro, Brazil, arrested Sr. Liborio Justo, son of President Justo of Argentina, on August 19, 1936, at Santa Anna do Livramento for Communistic activities.

"General Flores da Cunha, who is at present at Rio de Janeiro, personally advised President Vargas of Sr. Justo's arrest, and has also telegraphically instructed that he be escorted to the Argentina frontier and treated with all consideration."

"It is learned, however, that the police have been aware for some considerable time of Sr. Justo's Communistic activities in Uruguay, principally in Montevideo, and in view of which it was thought that any attempt to enter Brazilian territory would result in his immediate detention."

A SOLID ECONOMIC POSITION

Judged from almost any angle, Argentina's position today is remarkably solid. The country's budget has been balanced in two successive years, and, as is well known, the former Minister of Finance, just before resigning, reduced the income tax rates and increased the minima of exemption. This was justified by the subsequent income tax returns, since receipts during the first seven months of the year amounted, under the new and reduced tax schedule, to 59.6 millions of pesos, against last year's equivalent figure of 52.9 millions. Thus, even on the lower rate of taxation, the total yield to the Treasury under this heading showed quite a good increase. It is understood that the present Minister of Finance, Dr. Roberto M. Ortiz, is frankly disposed to a continuance of the policies with which the National Government has been identified during the past several years, and we have reason to believe that His Excellency is preparing for Congressional consideration

a set of proposals aiming at the simplification of the licence taxes and at other forms of relief from some of the more irritating forms of petty taxation which are now in vogue.

ARGENTINE INTEREST IN THE SPANISH INSURRECTION

Argentina with its very large Spanish population shows great interest these days in the daily news of the Spanish Civil War, but it is a matter of very great satisfaction, and a tribute to the high standard of public order which prevails in Argentina at the present time, that there have been no unpleasant factional demonstrations on the part of the great host of members of the Spanish community living in this Republic. The outstanding developments comprise, in so far as Argentina is concerned, the dispatch of the cruiser "25 de Mayo" for Spanish waters where aid will be offered to any refugees of Argentine nationality who may happen to be in distress. It is interesting to observe that there has been some tendency of preoccupation regarding the effect of the Spanish situation on the position of the recently constituted Banco Espanol del Rio de la Plata Limitado, which, took the form of a merger of the deposit accounts of four institutions affiliated, in the shareholding sense, to the Central Bank of the Argentine Republic. The local institution has issued a categorical statement in the sense that while heartily sympathising for reasons of tradition and sentiment with the Spanish people in the ordeal which has befallen them, the concern, as a banking institution, is not actually affected and that anxiety on the material count of its position and relationship with regard to Spain is entirely uncalled for.

THE MINISTER OF BOLIVIA

The newly appointed Minister of Bolivia to this country, Dr. Tomas M. Elio, arrived in Buenos Aires last week (Aug. 1-7) accompanied by his wife and two daughters. Doctor Elio is no stranger here, as apart from occasional private visits, he was a resident for some months on and as President of the Bolivian delegation to the Chaco Peace Conference.

DEPARTURE OF THE ITALIAN AMBASSADOR

Last Wednesday, Signor Arlotta, the retiring Italian Ambassador paid a visit to the Foreign Office in order to bid farewell to Dr. Saavedra Iamas, and to present the first secretary of the Embassy, Senor Guglielmo Rulli, who will act as Charge d'Affaires for his country until Sr. Rafael Guariglia, the new Ambassador, arrives. On the following day he again called at Government House for the purpose of bidding farewell

to President Justo, as he is due to embark for Europe on August 11.

DEFENCE AGAINST AERIAL ATTACK

With gas drill as one of the diversions so common in Europe as to be almost worthy of figuring on the programme of every Sunday school picnic, it is hardly surprising that Argentina should not be entirely indifferent to the question of preparation against the risk of aerial attack. At any rate the Executive Power has just issued a decree appointing a special committee to propose regulations and general provisions with regard to arms and equipment for defence against the aerial danger in its various forms. The decree was regarded as of sufficient importance to warrant prominent editorial comment in yesterday's issue (Aug. 13) of "La Nacion". Our contemporary remarked that by this decree the Government has taken the first step in the furtherance of the complex study of state measures of defence against aerial attacks in much the same way as the matter is being dealt with in practically all countries today. Special importance is attached to the point that with the advancement of facilities for road transport, warehouses for the storage of inflammables are being built in all parts of the country, and that although the main task of the committee is to propose the type of arms and materials best suited to the purpose of defence against aerial attacks, with due regard for the characteristics of the principal cities in points of vantage and types of construction, the adoption of some definite plan of foresight in connection with future building of factories and warehouses having special explosive characteristics is unquestionably a matter of moment. It is beyond doubt that there is no limit to the scope of investigation, study and advisory recommendation which is open to such a committee as that which is about to be constituted.

NEW CHILEAN AMBASSADOR TO ARGENTINA

A United Press telegram from Santiago de Chile of August 11 states that Senor Luis Barros Borgono has accepted the post of Ambassador to Argentina, to succeed Senor Luis Alberto Caricola who will be shortly transferred to Rome. Senor Barros Borgono intends to come to Buenos Aires at the beginning of September.

GENDARMES FOR THE TERRITORIES

The Minister of War, on behalf of the Executive Power, has

presented a Bill to Congress for the creation of a force of National Gendarmerie with the character of Federal Military Police. The new body is destined primarily for service in the National Territories where the small number of police available is unable to furnish surveillance over many zones distant from centers of population. The very successful work carried out in Canada by the Mounted Police, as likewise that of the Carabiniers of Chile, is cited as providing the basis for the formation of a similar force in Argentina. The force would comprise 3,250 n.c.o.'s and men to begin with, under regular officers of the army, and such service would count towards military pension for all ranks.

Lester Baker
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Military Attache

EMBASSY OF THE
UNITED STATES OF AMERICA
OFFICE OF THE MILITARY ATTACHE
BUENOS AIRES, ARGENTINA.

September 22, 1936

5461

Subject: Current Events

To: Assistant Chief of Staff, G-2

DR. SAAVEDRA LAMAS

RECEIVED G/2 W. O. OCT 17 1936

On August 28, 1936, Doctor Carlos Saavedra Lamas, Argentine Minister for Foreign Affairs, left Buenos Aires for Europe. His Excellency's first destination is Geneva, where he will be not only chairman of the Argentine delegation, but also President of the assembly of the League of Nations.

Whatever criticism may be made concerning President Justo's Government, it has to be conceded that in the realm of Foreign Affairs the name and fair fame of the Republic have never been in such high standing internationally as under the direction of Doctor Saavedra Lamas. During his tenure of office it has fallen to his lot to participate prominently in what must be a record number of events of major international importance affecting the American Continents. These include the Pan-American Conference at Montevideo, the Mendoza Conference (where the Saavedra Lamas anti-war and non-aggression pact first took form); the visit of President Justo to Brazil and the return of President Vargas to Argentina; the Eucharistic Congress; the Chaco Peace Conference and - yet to come - the Inter-American Conference for the Maintenance of Peace convoked on the initiative of President Roosevelt to be held in Buenos Aires in December. Equally important was the sensational effective and entirely opportune initiative of the Argentine Ministry for Foreign Affairs in demanding the special convocation of the League of Nations to consider the situation created by the Italian conquest of Ethiopia.

Doctor Saavedra Lamas intends to be back in ample time for the opening of the Inter-American Conference for the Maintenance of Peace. He proposes to pay a visit to London after Geneva. Reports that this latter visit had relation to the negotiations of the new Anglo-Argentine Trade Treaty or to the concerting of the purchase by the Argentine Government of the Cordoba Central Railway have been categorically denied through the Argentine Embassy in London, as well as by the Minister himself.

TRADE PACT BETWEEN ARGENTINA AND AUSTRIA

One of the ultimate official acts of Dr. Saavedra Lamas, Argentina's Foreign Minister, before his departure for Europe, was his signing of the Trade Pact with Austria, the other signatory being Herr Anton Retchek, the Austrian Minister. The ceremony took place in Government House and was witnessed by high officials of the Foreign Office and the secretaries of the Austrian Legation. It is expected that this will greatly assist trade between the two countries, as Austria requires this country's cereals, hides, cotton and fresh fruits, while she has an available surplus of electrical and mechanical implements, paper and steel manufactures for export.

BRAZIL RATIFIES PEACE PACT

The Brazilian Ambassador, Sr. Jose Bonifacio de Andrada e Silva, presented the Foreign Minister, on August 26, 1936, with his Government's ratification of the Argentine-Brazilian non-aggression and conciliatory pact.

AEROPLANE CONSTRUCTION IN CORDOBA

To meet the requirements of the army air force, the Minister of War has approved of the purchase from the Cie. Francaise Du-Bi-Metal of tubes, plates, bars and bands of various metals and also copper and brass wire specially manufactured for the construction of aeroplanes. This material is indispensable for the production of 20 planes type Ae.M.Oe.1, and ten others, Ae.C.3., which it is proposed to undertake during the current year in the Military Aviation Factory at Cordoba.

THORNYCROFT "LORRIES" FOR ARGENTINE ARMY

A luncheon was recently given to the Minister of War, and a group of Argentine Army officers, by the British representatives of the firm of Thornycroft Ltd. in Buenos Aires.

The luncheon was given to celebrate the delivery to the Argentine War Department of twelve Thornycroft vehicles called "military lorries". These trucks of medium weight are designed particularly for rough work and are very similar to those built for the British Army.

It is reported that this firm has been providing this type regularly and in large quantities for the armies of Australia, Canada, Brazil, Egypt, China, India, Portugal and Roumania.

ARGENTINA'S NATIONAL RECOVERY PLAN

"The Argentine Republic was the first country to put into effect a national recovery program similar to NRA in the United States. Most of the remedies used to combat the economic depression in Argentina were copied from President Roosevelt's *New Deal* measures and adapted to fit Argentine problems. The plan was successful almost from the first, in both its material and psychological objectives. It put the country on the road to definite recovery and from the very outstart it began pouring money into the national treasury and reducing the public debt. After nearly three years of successful operation, it now seems likely that Argentina's recovery plan will develop into a permanent policy of planned economy." So reads J.W. White's article in the local magazine "Comments on Argentine Trade".

He further states that in a broad way Argentina's recovery plan includes controlled, depreciated currency; controlled grain prices; restrictions of imports through official control of exchange; increasing of exports through new bilateral trade treaties; and solution of unemployment by means of a vast program of public works.

A controlled economy regime was put into effect at the end of November, 1933. Its effects were immediate and within ten months all the economic indexes indicated rapid progress toward definite recovery.

It must be admitted that luck also favored Argentina in the shape of higher world prices for agricultural and pastoral products. The country is dependent on the prices fixed in world consuming markets, and these could not be raised by governmental measures. The governmental measures succeeded, however, in passing along to the farmers a good share of the price increase instead of permitting it to stop in the hands of exporters and speculators, as had formerly been the case.

All this was accomplished without burdening the taxpayer. The cost of recovery was put exclusively upon the importers. Under the narrow nationalistic policy which has accompanied the recovery plan, importation is looked upon as almost unpatriotic. The people who buy imported goods, therefore, have been required to pay the cost of recovery.

The keynote of the entire recovery plan was sounded in the Anglo-Argentine trade treaty of May 1933. It is "Buy from those who buy from us". This principle has since been made the basis for ten other trade treaties with Belgium, Brazil, Chile, Finland, Germany, the Netherlands, Rumania, Spain, Sweden and Switzerland.

In the Anglo-Argentine treaty, Argentina also pledged itself not to give the importers of any other nationality more favorable treatment than the treaty accorded to British importers. With this treaty as the cornerstone, the Argentine government began the construction of its recovery plan. This plan had four main objectives:

1. Solve the unfavorable exchange situation.
2. Restore the favorable trade balance.
3. Find new export markets.
4. Raise commodity prices at home.

The first, second, and fourth objectives have been attained. Satisfactory progress has been made toward the third one.

Phases of the depression were studied by more than a dozen national boards which the government had appointed for that purpose. The more important of these were the grain board, a foreign trade advisory board, two meat boards, an unemployment board, a dairy industry board, a grain elevators construction board, a transportation board, a fruit board, a colonization board and a foodstuffs board.

The foreign trade advisory board is an honorary body which acts in an advisory capacity to the President. It studies and reports on the country's trading relations with other nations and suggests measures for placing Argentine products in world markets. It is particularly interested in finding new export markets. It studies the position of Argentine trade in the face of existing tariffs and treaties. It assists the foreign office in negotiating new treaties. This board is largely responsible for the eleven new bilateral trade treaties which Argentina has signed.

Argentina is extremely nationalistic and is determined to become independent of foreign manufacturers, or at least as nearly independent as it is possible for a country of Argentina's resources to become. Local industries are being promoted by every possible means. They are profiting from the Government's determination to adjust imports to the country's real capacity to pay. The Government's policy in this regard was clearly explained by Ing. Luis Duhalde when, as Minister of Agriculture, he opened the Argentine Industrial Exhibition. He said:

"A short time ago we were importing to the value of 800 million gold dollars and we paid for these imports with our exports. The innumerable restrictions on international trade have reduced our exports to such an extent that we now have resources only sufficient to buy 200 million gold dollars of imports. We cannot buy more because the world will not buy from us. Either we must dispense with two-thirds of the commodities

we used to consume, or we must produce them ourselves, even if at a higher cost."

So during the last few years there has been an amazing growth in all lines of industry - textiles, shoes, toilet preparations, glass, furniture, cement, canned goods, and many others.

American and European import restrictions against Argentine farm products have thus forced Argentina to establish new industries to supply articles which were formerly bought abroad. These new industries are being carefully nourished by the recovery plan. It is expected that they will make it unnecessary for Argentina ever again to import many things which formerly were imported from the United States and Europe.

Lester Baker

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DEC 18 1936
OFFICE CHIEF OF STATE
MIL., INTER. DIV.
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VETERANS DEPARTMENT

5482

To: Assistant Chief of Staff, G-2.

G-2. RECEIVED G/2 W. D. DEC 7 1936

The "Tamagra" inaugurated October 2, 1936, a new air service from Buenos Aires to Cordoba, in the Province of Cordoba, a distance of 1300 kilometers. The trip is made in two hours.

Fourteen passenger Douglas machines are used.

The Compania Aeroposta Argentina, formerly owned by a French company, has been acquired by a group of Argentine business men. The purchase comprises the aerodrome at Ezeiza with all its installations. The new owners intend to extend the existing service, effected by two airplanes weekly between Bahia Blanca and Rio Grande, in Tierra del Fuego, to the Federal Capital. They also intend to establish services to Salta and Asuncion, Paraguay, and intermediate stage.

It is reported from Montevideo that there has been an appreciable rise in wool prices during the last few days. This is attributed in great part, in commercial circles, to the activities of Japanese buyers, who have received instructions to purchase 40,000 bales, of which 8,000 are to be acquired in Uruguay. The same dispatch adds that it is known that the Japanese Government intends to purchase millions of tons of canned meat.

Unwelcome Spanish Refugees.

A large number of passengers by the s.s. "General Oserie" from Spain were detained by the police and immigration authorities on the ship's arrival in the port of Buenos Aires. A certain proportion of the total have been set at liberty, and will be allowed to remain in the country, but the fiat has gone forth that the others are to be deported as unsatisfactory. It was originally intended that they should be sent by the first ship touching at a Spanish port, but as this would almost certainly mean handing them over to their enemies in some cases, a more merciful view has been taken of the situation, and they will leave this country in ships which touch at non-Spanish ports.

Paraguayan Land Decree.

A decree of the Provisional Government of Paraguay dictated on October 28, 1936, ordains that the Municipality of Asuncion shall parcel out amongst ex-combatants in the recent war, all the municipal-owned land in the vicinity of the Capital, to be paid for over a very long period. This is part of the agrarian plan for the promotion of small agricultural holdings. A first consignment of machinery recently purchased in Buenos Aires was due to reach Asuncion this week. It is to be sent to the military mixed farms already established in the interior of Paraguay and in the Chaco.

Special Session of Argentine Congress.

President Justo called an extraordinary session of Congress for October 14, 1936, to clear up considerable legislation recommended by the Administration, including approval of the budget, but practically all sessions have been devoted to debate, with no important bills being passed, to date.

1936 Census.

The first census of Buenos Aires since 1914 was taken on the 23rd. of November, a holiday being declared, and the first figures released give the city a total population of 2,388,645 compared to 1,975,814 in 1914, an increase of 21% in 22 years.

Nationalism.

The growing nationalistic tendency of most all Governments in the world today is in evidence in Argentina to a large degree

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and has recently been demonstrated by the ordinance passed by the Buenos Aires City Council declaring the sale of gasoline in the city a public service and conceding an exclusive concession to the Government owned Yacimientos Petroliferos Fiscales, (Y.P.F.). This action follows the Government decree of July 20, 1936, putting control of all petroleum exports and imports into the hands of the same company. Another similar project is now up before the Buenos Aires Provincial Legislature, which creates a Government monopoly in the entire Province. Owing to high transportation costs to interior points and the single Government controlled price, practically the only profitable gasoline territories are the Federal Capital and the Province of Buenos Aires. Most legal opinions consider these measures unconstitutional and only a favorable Supreme Court decision can stop withdrawal from the country of most all private companies. Further Government control of business is indicated by cable reports that the new Anglo-Argentine Trade Treaty contains a clause granting Argentina full fiscalization of the meat quotas, which means control of exports here by the issuance of export permits designating quotas for private or national packing houses. Also recent Government decrees issued by the Post Office Department regulating all communications have a decidedly unfavorable effect on the local telephone company which controls most of the Argentine telephone service and represents a large investment of American capital. These decrees are also claimed to be unconstitutional.

International.

The great majority vote which President Roosevelt received has occupied much of the Argentine press for days after the election. Nothing but the most favorable reports have appeared in the Buenos Aires papers and the general opinion is that his reelection is of greatest importance to commercial relations between Argentina and the United States. Interesting is the fact that every important paper in the city has pointed to the American election as a great example of Democratic Government and an answer to Nazism and Communism. It has been pointed out that Argentina might well follow this example in her own elections. Probably at no other time has a United States election created as much interest here nor has it had as much direct influence on the life of the country. It is expected that a Trade Treaty between the two countries is now assured and that an increase in commerce will take place.

Great disappointment will be felt should President Roosevelt's visit to Buenos Aires to open the Inter-American Peace Conference fail to materialize. Local opinion is 100% in favor of the idea. The press states: "There is no question but that Mr. Roosevelt's presence at the Peace Conference would have a stimulating effect and would materially help to hasten ratification of any pacts made."

monopoly in the entire country
of the same country. Whether a
single control of all business
this nation follows the common
to the Government owned business
the city a battle between the
the Bureau of City Council and
and was recently been discussed

His world position (he is ranked locally with the world's most colorful leaders, Hitler, Mussolini, Stalin) would make his visit a compliment to Argentina and Latin America and would have a beneficial effect on American trade with these countries."

Financial.

Further rumors of the abandonment of exchange control within a short while have appeared in local papers and have been denied by the Minister of Finance.

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